



Resilience Week 2022

COLLECTIVE RESILIENCE
10 NOVEMBER 2022



Turning The Tides With Parametric Solutions

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Cover for “Uninsurable” Asset Class

- **Motivation:**
Power utility seeking cover for overhead Transmission & Distribution lines in the Philippines
- **Solution:**
“Cat in a Circle” parametric Typhoon insurance
- **Benefits:**
 - Insurance for an otherwise uninsurable asset class
 - Quick, hassle-free loss settlement after the event, enabling prompt resumption of essential services
- **Typhoon Odette (16 Dec 2021)**
Proof case for parametric insurance:
Payment was received by the insured only 12 days after publication of storm data

Cat-in-a-circle - Philippines

Windstorm category	Payout per event (subject to overall Limit of USD 30m)
Cat 3	USD 5m
Cat 4	USD 15m
Cat 5	USD 30m



● **Case 1: Cat 4 Storm**
Typhoon track misses circle.
→ No payout

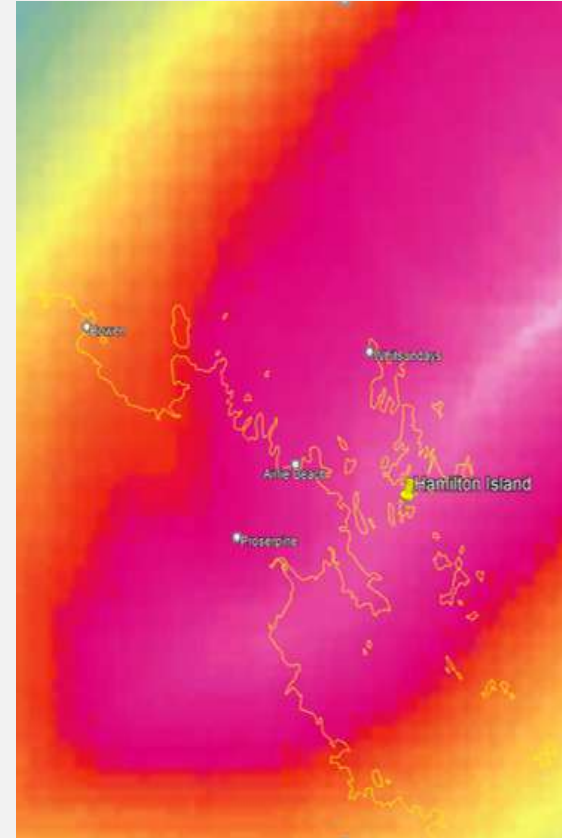
● **Case 2: Cat 4 Storm**
Typhoon track hits circle.
→ \$15M payout

● **Case 3: Cat 1 Storm**
Typhoon track hits circle.
→ No payout

Insuring Loss of Attraction

- **Motivation:**
Protecting island resort against loss of attraction and other pure financial loss after a severe storm in Australia
- **Solution:**
“2nd Generation” parametric insurance, using intensity based triggers
- **Benefits:**
 - Complementing traditional PDBI insurance to cover pure economic losses
 - Reduced basis risk:
Windspeed at location closer proxy for financial impact

STORM: Intensity based Typhoon insurance



- Trigger is re-analysed windspeed at specific location
- Reduced basis risk:
e.g. wide typhoon just missing defined area
- Independent 3rd party data providers:
RMS Hwind, Reask

Cyclone Debbie, QLD 2017
Source: Reask

Parametric insurance as enabler for project finance

- **Motivation:**

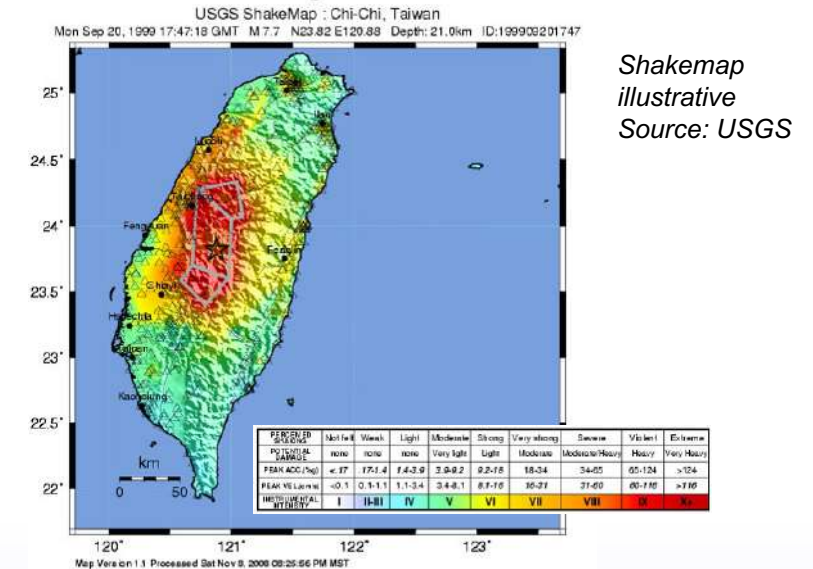
Lack of traditional Earthquake capacity for large renewable energy project in Asia

- **Solution:**

- “QUAKE” – parametric Earthquake insurance based on shaking intensity at the location
- Monthly limits reflecting the build-up of values during construction period
- Annual Reset Clause to adjust limits for project delays

- **Benefits:**

- Complementing traditional construction insurance
- Certainty of cover over project term, but leaving flexibility for adjustments
- Shaking Intensity trigger (PGA) is better proxy for loss than Magnitude
- Co-insurance placement secured large capacity required



Monthly Limits vs. Exposed Values (illustrative)

